



# House of Representatives

General Assembly

**File No. 199**

*January Session, 2007*

Substitute House Bill No. 7097

*House of Representatives, March 29, 2007*

The Committee on Energy and Technology reported through REP. FONTANA, S. of the 87th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## ***AN ACT CONCERNING CONNECTICUT'S ENERGY POLICY.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1      Section 1. (NEW) (*Effective from passage*) (a) There is hereby  
2      established and created a body politic and corporate, constituting a  
3      public instrumentality and political subdivision of the state of  
4      Connecticut established and created for the performance of an  
5      essential public and governmental function, to be known as the  
6      Connecticut Electricity Procurement Authority. The authority shall not  
7      be construed to be a department, institution or agency of the state.

8      (b) The powers of the authority shall be vested in and exercised by a  
9      board of directors, which shall consist of seven directors as follows: (1)  
10     The Commissioner of Social Services, (2) the Secretary of the Office of  
11     Policy and Management, (3) the Commissioner of Environmental  
12     Protection, (4) the Consumer Counsel, (5) a director appointed by the  
13     Governor, (6) a director appointed by the president pro tempore of the  
14     Senate, and (7) a director appointed by the speaker of the House of

15 Representatives. No director may be a member of the General  
16 Assembly. The appointed directors shall serve for terms of four years  
17 each and shall have education or expertise in the area of finance or  
18 law. Any appointed director who fails to attend three consecutive  
19 meetings of the board or who fails to attend fifty per cent of all  
20 meetings of the board held during any calendar year shall be deemed  
21 to have resigned from the board. Any vacancy occurring other than by  
22 expiration of term shall be filled in the same manner as the original  
23 appointment for the balance of the unexpired term. At its first meeting,  
24 the board shall elect a chairperson.

25 (c) The chairperson shall, with the approval of the directors, appoint  
26 a president of the authority who shall be an employee of the authority  
27 and paid a salary prescribed by the directors. The president shall  
28 supervise the administrative affairs and technical activities of the  
29 authority in accordance with the directives of the board.

30 (d) Directors may engage in private employment, or in a profession  
31 or business, subject to any applicable laws, rules and regulations of the  
32 state or federal government regarding official ethics or conflict of  
33 interest.

34 (e) Three directors of the authority shall constitute a quorum for the  
35 transaction of any business or the exercise of any power of the  
36 authority. For the transaction of any business or the exercise of any  
37 power of the authority, and except as otherwise provided in sections 1  
38 to 12, inclusive, of this act, the authority shall have power to act by a  
39 majority of the directors present at any meeting at which a quorum is  
40 in attendance.

41 (f) Appointed directors may not designate a representative to  
42 perform in their absence their respective duties under sections 1 to 12,  
43 inclusive, of this act.

44 (g) The term "director", as used in this section, shall include such  
45 persons so designated as provided in this section and this designation  
46 shall be deemed temporary only and shall not affect any applicable

47 civil service or retirement rights of any person so designated.

48 (h) The authority shall continue as long as it has bonds or other  
49 obligations outstanding and until its existence is terminated by law.  
50 Upon the termination of the existence of the authority, all its rights and  
51 properties shall pass to and be vested in the state of Connecticut.

52 (i) The directors, members and officers of the authority and any  
53 person executing the bonds or notes of the authority shall not be liable  
54 personally on such bonds or notes or be subject to any personal  
55 liability or accountability by reason of the issuance thereof, nor shall  
56 any director, member or officer of the authority be personally liable for  
57 damage or injury, not wanton or wilful, caused in the performance of  
58 such person's duties and within the scope of such person's  
59 employment or appointment as such director, member or officer.

60 Sec. 2. (NEW) (*Effective from passage*) (a) On or before January 1,  
61 2008, the Connecticut Electricity Procurement Authority established  
62 pursuant to section 1 of this act shall issue a request for proposals for  
63 the purpose of procuring electricity for senior citizens, sixty-two years  
64 of age or older, and physically disabled or blind citizens, as defined in  
65 section 1-1f of the general statutes, who are recipients of benefits under  
66 either the Connecticut Energy Assistance Program or the Contingency  
67 Heating Assistance Program and who choose such option pursuant to  
68 section 16-244b of the general statutes, as amended by this act.

69 (b) The authority shall award contracts only to proposers whose  
70 generation services charges are at least ten per cent lower than the  
71 lower of the electric distribution companies' generation services charge  
72 the authority's customers would otherwise be subject to under  
73 standard service for the same period.

74 (c) Any contracts awarded pursuant to subsection (a) of this section  
75 shall commence on or before January 1, 2008.

76 Sec. 3. (NEW) (*Effective from passage*) The directors of the  
77 Connecticut Electricity Procurement Authority shall meet at least

78 monthly at the call of the chairperson and may meet more frequently,  
79 if necessary and desirable. The first meeting shall be held on or before  
80 May 1, 2007. The directors shall maintain at all times minutes of its  
81 meetings including the authority's considerations, deliberations,  
82 decisions and resolutions, which minutes shall be considered public  
83 records. The authority shall maintain all necessary records and data  
84 with respect to its operations and shall report annually to the Governor  
85 and the General Assembly, upon its operations. Such reports shall  
86 include, but not be limited to, a report on the request for proposals, a  
87 listing of the contracts entered into for the procurement of electricity; a  
88 listing of the outstanding issues of notes and bonds of the authority  
89 and the payment status thereof; a budget showing the administrative  
90 expenses of the authority; and a report of revenues of the authority  
91 from all sources and of the redistribution of any surplus revenues. The  
92 authority shall be subject to audit by the Auditors of Public Accounts  
93 in accordance with normal auditing practices prescribed for  
94 departments, boards, commissions and other agencies of the state.

95       Sec. 4. (NEW) (*Effective from passage*) The Connecticut Electricity  
96 Procurement Authority shall make the following information available  
97 to the public through the Internet, except for any such information  
98 which is not required to be disclosed to the public pursuant to the  
99 Freedom of Information Act, as defined in section 1-200 of the general  
100 statutes:

101       (1) The schedule of meetings of the board of directors of the  
102 authority and each committee established by said board, not later than  
103 seven days after such schedule is established;

104       (2) Draft minutes of each meeting of the board of directors of the  
105 authority and each committee established by said board, not later than  
106 seven days after each such meeting is held;

107       (3) An annual plan of operations, not later than seven days after the  
108 plan is promulgated;

109       (4) Each report that the authority is required to submit to the

110 General Assembly pursuant to the general statutes, not later than  
111 seven days after the report is submitted;

112 (5) Each audit of the authority conducted by the Auditors of Public  
113 Accounts, each compliance audit of the authority's activities conducted  
114 pursuant to section 1-122 of the general statutes and each audit  
115 conducted by an independent auditing firm, not later than seven days  
116 after each such audit is received by the board of directors of the  
117 authority; and

118 (6) A report on any contract between the authority and a person,  
119 other than a director, officer or employee of the authority, for the  
120 purpose of influencing any legislative or administrative action on  
121 behalf of the authority or providing legal advice to the authority. The  
122 report shall indicate for each such contract (A) the names of the parties  
123 to the contract, (B) the cost of the contract, (C) the term of the contract,  
124 (D) a summary of the services to be provided under the contract, (E)  
125 the method used by the authority to award the contract, and (F) a  
126 summary of the authority's need for the services provided under the  
127 contract. Such report shall be made available through the Internet not  
128 later than fifteen days after the contract is executed between the  
129 authority and the person.

130 Sec. 5. (NEW) (*Effective from passage*) The Connecticut Electricity  
131 Procurement Authority shall have power to:

132 (1) Employ a staff;

133 (2) Establish offices where necessary in the state of Connecticut;

134 (3) Make and enter into any contract or agreement necessary or  
135 incidental to the performance of its duties and execution of its powers;

136 (4) Sue and be sued;

137 (5) Have a seal and alter it at pleasure;

138 (6) Make and alter bylaws and rules and regulations with respect to

139 the exercise of its own powers;

140 (7) Conduct such hearings, examinations and investigations as may  
141 be necessary and appropriate to the conduct of its operations and the  
142 fulfillment of its responsibilities;

143 (8) Obtain access to public records and apply for the process of  
144 subpoena if necessary to produce books, papers, records and other  
145 data;

146 (9) Charge reasonable fees for the services it performs and waive,  
147 suspend, reduce or otherwise modify such fees, in accordance with  
148 criteria established by the authority;

149 (10) Purchase, lease or rent such real and personal property as it  
150 may deem necessary, convenient or desirable;

151 (11) Appoint such state and local advisory councils as it may from  
152 time to time deem advisable;

153 (12) Otherwise, do all things necessary for the performance of its  
154 duties, the fulfillment of its obligations and the conduct of its  
155 operations;

156 (13) Receive and accept, from any source, aid or contributions,  
157 including money, property, labor and other things of value;

158 (14) Invest any funds not needed for immediate use or disbursement  
159 in obligations issued or guaranteed by the United States of America or  
160 the state of Connecticut and in obligations that are legal investments  
161 for savings banks in this state; and

162 (15) Adopt regular procedures for exercising its power under  
163 sections 1 to 12, inclusive, of this act not in conflict with other  
164 provisions of the general statutes.

165 Sec. 6. Section 16-244b of the general statutes is repealed and the  
166 following is substituted in lieu thereof (*Effective from passage*):

167     (a) All customers of electric distribution companies, as defined in  
168 section 16-1, shall have the opportunity to purchase electric generation  
169 services from their choice of electric suppliers, as defined in said  
170 section 16-1, in a competitive generation market in accordance with the  
171 schedule provided in this section. On and after January 1, 2000, up to  
172 thirty-five per cent of the peak load of each rate class of an electric  
173 company or electric distribution company, as the case may be, may  
174 choose an electric supplier to provide their electric generation services,  
175 provided such customers shall be located in distressed municipalities,  
176 as defined in section 32-9p. In the event that the number of customers  
177 exceeds thirty-five per cent of such load, preference shall be given to  
178 customers located in distressed municipalities with a population  
179 greater than one hundred thousand persons. Participation shall be  
180 determined on a first-come, first-served basis. As of July 1, 2000, all  
181 customers shall have the opportunity to choose an electric supplier. On  
182 and after January 1, 2000, electric generation services shall be provided  
183 in accordance with section 16-244c to any customer who has not  
184 chosen an electric supplier or has declined, failed or been unable to  
185 enter into or maintain a contract for electric generation services with an  
186 electric supplier. The Department of Public Utility Control may adopt  
187 regulations in accordance with chapter 54 to implement the phase-in  
188 schedule provided in this subsection.

189     (b) Notwithstanding subsection (a) of this section, on or before  
190 September 1, 2007, and annually thereafter, any electric customer who  
191 is (1) (A) a senior citizen, sixty-two years of age or older, or (B)  
192 physically disabled or blind, as defined in section 1-1f, and (2) a  
193 recipient of benefits under either the Connecticut Energy Assistance  
194 Program or the Contingency Heating Assistance Program, shall have  
195 the opportunity to choose as his or her electric supplier the  
196 Connecticut Electricity Procurement Authority established pursuant to  
197 section 1 of this act.

198     Sec. 7. Section 16-244d of the general statutes is repealed and the  
199 following is substituted in lieu thereof (*Effective from passage*):

200 (a) Not later than December 1, 1998, the Department of Public  
201 Utility Control shall develop a comprehensive public education  
202 outreach program to educate customers about the implementation of  
203 retail competition among electric suppliers, as defined in section 16-1.  
204 The goals of the program shall be to maximize public information,  
205 minimize customer confusion and equip all customers to participate in  
206 a restructured generation market. The program shall include, but not  
207 be limited to: (1) The dissemination of information through mass  
208 media, interactive approaches and written materials with the goal of  
209 reaching every electric customer; (2) the conduct of public forums in  
210 different geographical areas of the state to foster public input and  
211 provide opportunities for an exchange of questions and answers; (3)  
212 involvement of community-based organizations in developing  
213 messages and in devising and implementing education strategies; (4)  
214 targeted efforts to reach rural, low income, elderly, foreign language,  
215 disabled, ethnic minority and other traditionally underserved  
216 populations; and (5) periodic evaluations of the effectiveness of  
217 educational efforts. The department shall assign one individual within  
218 the department to coordinate the outreach program and oversee the  
219 education process. The department shall begin to implement the  
220 outreach program not later than January 1, 1999.

221 (b) There shall be established a Consumer Education Advisory  
222 Council which shall advise the outreach program coordinator on the  
223 development and implementation of the outreach program until the  
224 termination of the standard offer under section 16-244c. Membership  
225 of the advisory council shall be established by the Consumer Counsel  
226 not later than December 1, 1998, and shall include, but not be limited  
227 to, representatives of the Department of Public Utility Control, the  
228 Office of Consumer Counsel, the Office of the Attorney General, the  
229 Office of Policy and Management, the Department of Environmental  
230 Protection, community and business organizations, consumer groups,  
231 including, but not limited to, a group that represents hardship  
232 customers, as defined in section 16-262c, electric distribution  
233 companies and electric suppliers. The advisory council shall determine  
234 the information to be distributed to customers as part of the education



235 effort such as customers' rights and obligations in a restructured  
236 environment, how customers can exercise their right to participate in  
237 retail access, the types of electric suppliers expected to be licensed  
238 including the possibility of load aggregation, electric generation  
239 services options that will be available, the environmental  
240 characteristics of different types of generation facilities and other  
241 information determined by the advisory council to be necessary for  
242 customers. The advisory council shall advise the outreach program  
243 coordinator on the methods of distributing information in accordance  
244 with subsection (a) of this section and the timing of such distribution.  
245 The advisory council shall meet on a regular basis and report to the  
246 outreach program coordinator as it deems appropriate until  
247 termination of the advisory council's role upon the termination of the  
248 standard offer under section 16-244c.

249 (c) Not later than December 1, 1998, the Department of Public Utility  
250 Control shall submit a report to the joint standing committee of the  
251 General Assembly having cognizance of matters relating to energy,  
252 outlining the scope of the education outreach program developed by  
253 the department and identifying the individual acting as outreach  
254 program coordinator and the membership of the advisory council.

255 (d) The department may retain a consultant in accordance with  
256 section 16-18a to assist in developing and implementing the public  
257 education outreach program, provided the authorization to retain such  
258 consultant shall expire December 31, 2005. The reasonable and proper  
259 expenses for retaining the consultant and implementing the outreach  
260 program shall be reimbursed through the systems benefits charge as  
261 provided in subsection (b) of said section 16-18a.

262 (e) The advisory council shall, in consultation with the Connecticut  
263 Academy of Science and Engineering and the New England  
264 Conference of Public Utility Commissioners, analyze the  
265 environmental costs and benefits of the following categories of energy  
266 sources: (1) Class I renewable energy sources by type; (2) Class II  
267 renewable energy sources by type; (3) facilities using coal, natural gas,

268 oil or other petroleum products as fuel which facilities are subject to  
269 the New Source Performance Standards in the federal Clean Air Act  
270 for such facilities; (4) facilities using coal, natural gas, oil or other  
271 petroleum products as fuel which facilities are not subject to the New  
272 Source Performance Standards; (5) nuclear power generating facilities;  
273 and (6) hydropower that does not meet the criteria for a Class II  
274 renewable energy source. The advisory council shall establish uniform  
275 standards for the disclosure of information to allow customers to easily  
276 compare rates of air pollutant emissions and the resource mix of  
277 various energy sources of electric suppliers.

278 (f) The Department of Public Utility Control, in consultation with  
279 the Office of Consumer Counsel, shall establish a program for the  
280 dissemination of information regarding electric suppliers. Such  
281 program shall require electric distribution companies to distribute an  
282 informational summary on electric suppliers to any new customer and  
283 to existing customers beginning on January 1, 2004, and semiannually  
284 thereafter. Such informational summary shall be developed by the  
285 department and shall include, but not be limited to, the name of each  
286 licensed electric supplier, the state where the supplier is based,  
287 information on whether the supplier has active offerings for either  
288 residential or commercial and industrial consumers, the telephone  
289 number and Internet address of the supplier, and information as to  
290 whether the supplier offers electric generation services from renewable  
291 energy sources in excess of the portfolio standards established  
292 pursuant to section 16-245a. The department shall include pricing  
293 information in the informational summary to the extent the  
294 department determines feasible. The department shall post the  
295 informational summary in a conspicuous place on its website and  
296 provide electronic links to the website of each supplier. The  
297 department shall update the informational summary on its website on  
298 at least a quarterly basis.

299 (g) The Department of Public Utility Control, in consultation with  
300 the Office of Consumer Counsel, the Department of Social Services and  
301 the Consumer Education Advisory Council, shall establish a program

302 for the dissemination of information regarding the Connecticut  
303 Electricity Procurement Authority established pursuant to section 1 of  
304 this act. Such program shall require electric distribution companies to  
305 distribute an informational summary on said authority to any new  
306 customer on and after July 1, 2008, and to existing customers  
307 beginning on July 1, 2008, and annually thereafter. The Department of  
308 Public Utility Control shall develop such informational summary,  
309 which shall include, but not be limited to, the telephone number and  
310 Internet address of the supplier. The Department of Public Utility  
311 Control shall include pricing information in the informational  
312 summary to the extent the department determines feasible. The  
313 Department of Public Utility Control shall post the informational  
314 summary in a conspicuous place on its web site and provide electronic  
315 links to the web site of said authority. The Department of Public Utility  
316 Control shall update the informational summary on its web site on at  
317 least a quarterly basis.

318 [(g)] (h) The Department of Public Utility Control, in consultation  
319 with the Office of Consumer Counsel and the Consumer Education  
320 Advisory Council, shall, not later than October 1, 2003, develop a plan  
321 for the restart of the education outreach program on or before October  
322 1, 2004, and submit, in accordance with the provisions of section 11-4a,  
323 such plan to the joint standing committee of the General Assembly  
324 having cognizance of matters relating to energy and technology.

325 Sec. 8. Subsection (c) of section 16-244i of the general statutes is  
326 repealed and the following is substituted in lieu thereof (*Effective from*  
327 *passage*):

328 (c) Each electric distribution company shall continue to provide  
329 metering, billing and collection services for electric suppliers and for  
330 the Connecticut Electricity Procurement Authority, established in  
331 section 1 of this act, except that, on and after the effective date of the  
332 regulations adopted pursuant to section 16-245d, as amended by this  
333 act, which allow an electric supplier to provide direct billing and  
334 collection services for electric generation services and related federally

335 mandated congestion costs that such supplier provides to its  
336 customers that use a demand meter or have a maximum demand of  
337 not less than five hundred kilowatts and that choose to receive a bill  
338 directly from their electric supplier, an electric distribution company  
339 shall not provide such billing and collection services for such  
340 customers. The department shall determine billing and metering  
341 protocols and any appropriate cost-sharing allocations among electric  
342 distribution companies and electric suppliers. Notwithstanding an  
343 electric supplier's right, in accordance with the general statutes, to  
344 terminate its contract with a customer for the provision of generation  
345 service by reason of the customer's nonpayment of the charges directly  
346 billed by the supplier to the customer, an electric supplier shall not  
347 disconnect electric service to the customer or otherwise terminate the  
348 physical delivery of electricity to customers directly billed by the  
349 electric supplier.

350 Sec. 9. Section 16-245d of the general statutes is repealed and the  
351 following is substituted in lieu thereof (*Effective from passage*):

352 (a) The Department of Public Utility Control shall, by regulations  
353 adopted pursuant to chapter 54, develop a standard billing format that  
354 enables customers to compare pricing policies and charges among  
355 electric suppliers and the Connecticut Electricity Procurement  
356 Authority, established in section 1 of this act. Not later than January 1,  
357 2006, the department shall adopt regulations, in accordance with the  
358 provisions of chapter 54, to provide that an electric supplier may  
359 provide direct billing and collection services for electric generation  
360 services and related federally mandated congestion charges that such  
361 supplier provides to its customers that have a maximum demand of  
362 not less than one hundred kilowatts and that choose to receive a bill  
363 directly from such supplier. An electric company, electric distribution  
364 company or electric supplier that provides direct billing of the electric  
365 generation service component and related federally mandated  
366 congestion charges, as the case may be, shall, in accordance with the  
367 billing format developed by the department, include the following  
368 information in each customer's bill, as appropriate: (1) The total

369 amount owed by the customer, which shall be itemized to show, (A)  
370 the electric generation services component and any additional charges  
371 imposed by the electric supplier, if applicable, (B) the distribution  
372 charge, including all applicable taxes and the systems benefits charge,  
373 as provided in section 16-245l, (C) the transmission rate as adjusted  
374 pursuant to subsection (d) of section 16-19b, (D) the competitive  
375 transition assessment, as provided in section 16-245g, (E) federally  
376 mandated congestion charges, and (F) the conservation and renewable  
377 energy charge, consisting of the conservation and load management  
378 program charge, as provided in section 16-245m, and the renewable  
379 energy investment charge, as provided in section 16-245n; (2) any  
380 unpaid amounts from previous bills which shall be listed separately  
381 from current charges; (3) except for customers subject to a demand  
382 charge, the rate and usage for the current month and each of the  
383 previous twelve months in the form of a bar graph or other visual  
384 form; (4) the payment due date; (5) the interest rate applicable to any  
385 unpaid amount; (6) the toll-free telephone number of the electric  
386 distribution company to report power losses; (7) the toll-free telephone  
387 number of the Department of Public Utility Control for questions or  
388 complaints; (8) the toll-free telephone number and address of the  
389 electric supplier; and (9) a statement about the availability of  
390 information concerning electric suppliers pursuant to section 16-245p.

391 (b) The regulations shall provide guidelines for determining the  
392 billing relationship between the electric distribution company and  
393 electric suppliers or the Connecticut Electricity Procurement  
394 Authority, including, but not limited to, the allocation of partial bill  
395 payments and late payments between the electric distribution  
396 company and the electric supplier. An electric distribution company  
397 that provides billing services for an electric supplier or the Connecticut  
398 Electricity Procurement Authority shall be entitled to recover from the  
399 electric supplier all reasonable transaction costs to provide such billing  
400 services as well as a reasonable rate of return, in accordance with the  
401 principles in subsection (a) of section 16-19e.

402 Sec. 10. Section 16-245q of the general statutes is repealed and the

403 following is substituted in lieu thereof (*Effective from passage*):

404     (a) A customer may change his electric supplier, as defined in  
405 section 16-1, at any time. The electric distribution company, as defined  
406 in said section 16-1, and electric supplier may each charge a reasonable  
407 fee, as approved by the Department of Public Utility Control, to make  
408 a change in the customer's supplier to reflect the actual cost to read the  
409 customer's meter and make changes in its billing records, except that  
410 every customer may seek a change in his electric supplier without  
411 charge once in any twelve-month period if the change occurs at the  
412 end of the customer's regularly scheduled meter reading and billing  
413 cycle.

414     (b) Notwithstanding subsection (a) of this section, any customer  
415 who is (1) (A) a senior citizen, sixty-two years of age or older, or (B)  
416 physically disabled or blind, as defined in section 1-1f, and (2) a  
417 recipient of benefits under either the Connecticut Energy Assistance  
418 Program or the Contingency Heating Assistance Program may choose  
419 the Connecticut Electricity Procurement Authority, established in  
420 section 1 of this act, as his or her electric supplier. Said customer's  
421 current supplier, whether an electric distribution company, as defined  
422 in section 16-1, or an electric supplier, as defined in said section 16-1,  
423 may charge a reasonable fee, as approved by the Department of Public  
424 Utility Control, to make a change in the customer's supplier to reflect  
425 the actual cost to read the customer's meter and make changes in its  
426 billing records.

427     Sec. 11. (*Effective from passage*) (a) For the calendar year 2007, each  
428 electric distribution company and electric supplier shall offer an  
429 electricity conservation incentive program to its customers. Said  
430 program shall compare electricity usage during the period beginning  
431 on June 1, 2007, and ending on August 31, 2007, and during the same  
432 period in 2006 and give customers a conservation incentive.

433     (b) Electric distribution companies shall issue credits to customers  
434 on the electricity bill that is presented on or after November 1, 2007,  
435 and shall calculate said credits as follows: (1) Any customer who uses

436 at least ten per cent less electricity during the 2007 period shall earn a  
437 credit equal to ten per cent of the billed generation charges for usage  
438 from June 1, 2007, to August 31, 2007, inclusive; (2) any customer who  
439 uses at least fifteen per cent less electricity during the 2007 period shall  
440 earn a credit equal to fifteen per cent of the billed generation charges  
441 for usage from June 1, 2007, to August 31, 2007, inclusive; and (3) any  
442 customer who uses at least twenty per cent less electricity during the  
443 2007 period shall earn a credit equal to twenty per cent of the billed  
444 generation charges for usage from June 1, 2007, to August 31, 2007,  
445 inclusive. The calculation of reduction in electric energy usage shall be  
446 made pursuant to this section and the Department of Public Utility's  
447 decision in the proceeding required by subsection (c) of this section.

448 (c) Within fifteen days of the effective date of this section, each  
449 electric distribution company shall file with the Department of Public  
450 Utility Control an outline of the program established in subsection (a)  
451 of this section. Said outline shall include, but not be limited to, how the  
452 company plans to implement said program and the projected costs of  
453 said program. Using the submitted outlines, the department shall  
454 conduct an uncontested proceeding to design the parameters of the  
455 program established in subsection (a) of this section, and to consider  
456 and implement reasonable means of marketing and promoting the  
457 program. The department shall include, but not be limited to, the  
458 following parameters necessary to encourage conservation, discourage  
459 inaccuracy in measurement and assure that credits are only provided  
460 to customers who have changed their usage by taking conservation  
461 and load management actions: (1) The comparison of energy usage  
462 shall be based on weather-normalized usage in 2007 compared to the  
463 comparable time period on 2006 for that particular address; (2) the  
464 program shall not be available to customers without usage in  
465 comparable months of 2006; and (3) for customers who participate in  
466 other demand response programs, including, but not limited to, those  
467 sponsored by the regional independent system operator, benefits from  
468 the program established in subsection (a) of this section shall be pro-  
469 rated against any benefits from any other programs.

470 (d) All costs incurred by an electric distribution company in  
471 connection with the program established in subsection (a) of this  
472 section, including incentive credits on customers' bills, shall be  
473 recoverable through the systems benefits charge.

474 (e) On or before February 1, 2008, the department shall report to the  
475 joint standing committee of the General Assembly having cognizance  
476 of matters relating to energy regarding the success of, and any  
477 recommendations for improvement for, the incentive program  
478 established pursuant to subsection (a) of this section.

479 Sec. 12. Subsection (a) of section 16-245l of the general statutes is  
480 repealed and the following is substituted in lieu thereof (*Effective from*  
481 *passage*):

482 (a) The Department of Public Utility Control shall establish and each  
483 electric distribution company shall collect a systems benefits charge to  
484 be imposed against all end use customers of each electric distribution  
485 company beginning January 1, 2000. The department shall hold a  
486 hearing that shall be conducted as a contested case in accordance with  
487 chapter 54 to establish the amount of the systems benefits charge. The  
488 department may revise the systems benefits charge or any element of  
489 said charge as the need arises. The systems benefits charge shall be  
490 used to fund (1) the expenses of the public education outreach  
491 program developed under subsections (a), (f) and (g) of section 16-  
492 244d, as amended by this act, other than expenses for department staff,  
493 (2) the reasonable and proper expenses of the education outreach  
494 consultant pursuant to subsection (d) of section 16-244d, as amended  
495 by this act, (3) the cost of hardship protection measures under sections  
496 16-262c and 16-262d and other hardship protections, including, but not  
497 limited to, electric service bill payment programs, funding and  
498 technical support for energy assistance, fuel bank and weatherization  
499 programs and weatherization services, (4) the payment program to  
500 offset tax losses described in section 12-94d, (5) any sums paid to a  
501 resource recovery authority pursuant to subsection (b) of section 16-  
502 243e, (6) low income conservation programs approved by the



503 Department of Public Utility Control, (7) displaced worker protection  
504 costs, (8) unfunded storage and disposal costs for spent nuclear fuel  
505 generated before January 1, 2000, approved by the appropriate  
506 regulatory agencies, (9) postretirement safe shutdown and site  
507 protection costs that are incurred in preparation for decommissioning,  
508 (10) decommissioning fund contributions, (11) the costs of temporary  
509 electric generation facilities incurred pursuant to section 16-19ss, (12)  
510 operating expenses for the Connecticut Energy Advisory Board, [and]  
511 (13) legal, appraisal and purchase costs of a conservation or land use  
512 restriction and other related costs as the department in its discretion  
513 deems appropriate, incurred by a municipality on or before January 1,  
514 2000, to ensure the environmental, recreational and scenic preservation  
515 of any reservoir located within this state created by a pump storage  
516 hydroelectric generating facility, and (14) expenses related to the  
517 electricity conservation incentive program established in section 11 of  
518 this act. As used in this subsection, "displaced worker protection costs"  
519 means the reasonable costs incurred, prior to January 1, 2008, (A) by an  
520 electric supplier, exempt wholesale generator, electric company, an  
521 operator of a nuclear power generating facility in this state or a  
522 generation entity or affiliate arising from the dislocation of any  
523 employee other than an officer, provided such dislocation is a result of  
524 (i) restructuring of the electric generation market and such dislocation  
525 occurs on or after July 1, 1998, or (ii) the closing of a Title IV source or  
526 an exempt wholesale generator, as defined in 15 USC 79z-5a, on or  
527 after January 1, 2004, as a result of such source's failure to meet  
528 requirements imposed as a result of sections 22a-197 and 22a-198 and  
529 this section or those Regulations of Connecticut State Agencies  
530 adopted by the Department of Environmental Protection, as amended  
531 from time to time, in accordance with Executive Order Number 19,  
532 issued on May 17, 2000, and provided further such costs result from  
533 either the execution of agreements reached through collective  
534 bargaining for union employees or from the company's or entity's or  
535 affiliate's programs and policies for nonunion employees, and (B) by  
536 an electric distribution company or an exempt wholesale generator  
537 arising from the retraining of a former employee of an unaffiliated

538 exempt wholesale generator, which employee was involuntarily  
 539 dislocated on or after January 1, 2004, from such wholesale generator,  
 540 except for cause. "Displaced worker protection costs" includes costs  
 541 incurred or projected for severance, retraining, early retirement,  
 542 outplacement, coverage for surviving spouse insurance benefits and  
 543 related expenses. "Displaced worker protection costs" does not include  
 544 those costs included in determining a tax credit pursuant to section 12-  
 545 217bb.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section
Sec. 2	<i>from passage</i>	New section
Sec. 3	<i>from passage</i>	New section
Sec. 4	<i>from passage</i>	New section
Sec. 5	<i>from passage</i>	New section
Sec. 6	<i>from passage</i>	16-244b
Sec. 7	<i>from passage</i>	16-244d
Sec. 8	<i>from passage</i>	16-244i(c)
Sec. 9	<i>from passage</i>	16-245d
Sec. 10	<i>from passage</i>	16-245q
Sec. 11	<i>from passage</i>	New section
Sec. 12	<i>from passage</i>	16-245l(a)

**ET**            *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

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**OFA Fiscal Note**

**State Impact:** See Below

**Municipal Impact:** See Below

**Explanation**

The bill makes various changes in energy related statutes that could affect rates paid by states and municipalities, the extent of which cannot be determined at this time.

The bill also results in other fiscal impacts, as follows:

**Section 1** requires the Department of Environmental Protection (DEP) to serve on the Connecticut Electricity Procurement Authority (CEPA). DEP anticipates that service on the CEPA board of directors will increase costs through increased workload created under this bill. This would result in the diversion of  $\frac{1}{4}$  of an employee away from current duties, or would require additional resources of approximately \$25,000. It is anticipated that the Secretary of the Office of Policy and Management can serve on CEPA without incurring additional cost.

**Sections 3 and 4** of the bill allow the Auditors of Public Accounts to audit the Connecticut Electricity Procurement Authority, which the agency can accomplish without requiring additional resources.

The Department of Public Utility Control (DPUC) can implement provisions of both the senior/disabled education and outreach program, along with the summer conservation program, within available staff resources.

Costs may be incurred, however, for marketing provisions related to these programs of approximately \$500,000-\$600,000 but would be funded through a surcharge on SBC/AT&T ratepayer charges. Costs

may also be incurred for program implementation related to these programs, which would be funded through electric ratepayer funds. These effects, an additional telecommunications surcharge and program implementation, could impact the state and municipalities as telecommunications and electricity ratepayers, the extent of which cannot be determined at this time.

**Section 7** allows DPUC to retain outside consultants for assistance in developing and implementing the public education outreach program, to be reimbursed through the electric systems benefit charge. This added consultant cost could affect the state and municipalities as ratepayers, the extent of which is also unknown at this time.

### ***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation. The impact on the electric rate payers in the state in the future is uncertain.

**OLR Bill Analysis****sHB 7097*****AN ACT CONCERNING CONNECTICUT'S ENERGY POLICY.*****SUMMARY:**

The bill establishes the Connecticut Electricity Procurement Authority (CEPA). It specifies the membership of authority's board and the authority's powers and requires that its records be posted on the Internet. The bill authorizes CEPA to procure power for people who are (1) 62 or older or disabled and (2) participate in state energy assistance programs. The board is a political subdivision of the state but not a state agency.

The bill also requires electric companies to operate a program that rewards customers for reducing their demand during summer 2007 compared to summer 2006. Funding for this program comes from the systems benefits charge on electric bills.

EFFECTIVE DATE: Upon passage

**CONNECTICUT ENERGY PROCUREMENT AUTHORITY*****Board of Directors***

Under the bill, CEPA's board of directors consists of the Social Services and Environmental Protection commissioners, the secretary of the Office of Policy and Management, and the Consumer Counsel. In addition, the governor, Senate president pro tempore, and House speaker each appoint one director. The appointed members serve four-year terms, must have a background in law or finance, and cannot be legislators. Any appointed member who misses three consecutive meetings or half of the board's meeting in a calendar year is considered to have resigned. Appointed members cannot name designees. Directors can hold outside employment, subject to laws

governing ethics and conflicts of interest. Service on the board does not affect a director's civil service or retirement rights.

The board must elect a chairperson who, with the board's approval, can employ an authority president who is paid a salary prescribed by the directors. The president must supervise the authority's administrative affairs and technical activities in accordance with board directives.

The board can act by a majority of the members present when there is a quorum (defined as three members). The authority's directors, members, and officers are not personally liable for damages or injuries that are not willful or wanton, so long as they are acting in the scope of their office. Nor are they or anyone executing authority bonds personally liable for them.

The board must hold its first meeting by May 1, 2007 and must meet at least monthly. The board must keep minutes, which are public records. It must report annually to the legislature and governor. The reports must at a minimum describe the requests for proposals described below and include a list of the contracts the authority entered for procuring electricity, a list of the authority's outstanding notes and bonds and their payment status, a budget showing the authority's administrative expenses, and a description of the authority's revenues from all sources and of the redistribution of any surplus revenues. The authority is subject to audit by the Auditors of Public Accounts.

### ***Authority's Powers***

The bill gives CEPA a broad range of powers, including:

1. employing staff;
2. entering into contracts;
3. receiving funds and other contributions and invest them;
4. conducting hearings, examinations, and investigations;

5. obtaining access to public records and applying for subpoenas if necessary to produce books, papers, records, and other data;
6. charging reasonable fees for its services;
7. buying, leasing, and renting real and personal property; and
8. appointing state and local advisory councils.

***Public Records***

The board must make the following available to the public over the Internet, except as prohibited by the Freedom of Information Act:

1. the schedule of meetings of the board and its committees within seven days after the schedule is set;
2. draft minutes of each board and committee meeting within seven days after each meeting is held;
3. an annual operations plan within seven days after the plan is promulgated;
4. each report that the authority must submit to the legislature within seven days after the report is submitted;
5. each audit conducted by the Auditors of Public Accounts, each statutorily required compliance audit of the authority's activities, and each audit conducted by an independent auditing firm, in each case within seven days of the audit being received by the board of directors; and
6. a report on any contract between the authority and a person, other than a director, officer, or authority employee, for the purpose of lobbying on the authority's behalf or providing legal advice to the authority.

The reports on contracts with lobbyists and lawyers must indicate for each contract (1) the names of the parties, (2) the contract's cost and term, (3) a summary of the services to be provided under the contract,

(4) how the authority awarded the contract, and (5) a summary of the authority's need for the contracted services. These reports must be made available through the Internet within 15 days after the contract is executed.

***Program to Serve Senior and Disabled Customers who Participate in Energy Assistance Programs***

By January 1, 2008, the board must issue a request for proposals (RFP) to procure power for people who (1) are age 62 or older, blind, or physically disabled and (2) participate in either of two energy assistance programs (the Connecticut Energy Assistance Program, which serves low-income households, and the Connecticut Heating Assistance Program, which serves moderate-income households) who choose to participate in the authority's program. CEPA can award contracts only to entities whose generation price is least 10% lower than the charges that the participants would be charged under standard service (the service that the electric companies must provide to small and medium size customers who do not choose a competitive supplier. These contracts must begin by January 1, 2008, i.e., the deadline for issuing the RFP.

The bill allows electric customers who meet specified conditions to choose CEPA as their electric supplier. To be eligible, the customer must (1) be 62 or older, blind, or disabled and (2) receive benefits under one of the two energy assistance programs. Customers can choose CEPA as their supplier by September 1, 2007 and annually thereafter. Since the power contracts begin January 1, 2008, it is unclear how CEPA would serve those customers who choose it as their supplier in 2007. The electric company or competitive supplier currently serving the customer can charge a reasonable fee, as approved by the Department of Public Utility Control (DPUC), to reflect the actual cost of reading the customer's meter and make changes in the customer's billing records when the customer begins to participate in the CEPA program.

The bill requires to DPUC establish a program to disseminate



information about CEPA. DPUC must do this in consultation with the Office of Consumer Council, the Department of Social Services, and the DPUC's Consumer Education Advisory Council. The program must require electric companies to provide an informational summary about CEPA to new and existing customers beginning July 1, 2008 and annually thereafter. DPUC must develop the summary, which must include the supplier's telephone number and Internet address. DPUC must include pricing information in the summary to the extent it determines this is feasible. DPUC must post the summary on its website and update this information at least quarterly.

**Conforming Changes**

The bill extends to CEPA the following provisions, which currently apply to competitive suppliers:

1. electric companies must continue to provide metering, billing, and collection services for customers served by CEPA;
2. DPUC must develop standard billing formats for CEPA;
3. DPUC must adopt regulations establishing guidelines for billing relationships between CEPA and the electric companies; and
4. electric companies can recover their reasonable costs for providing billing services.

**SUMMER CONSERVATION INCENTIVE PROGRAM**

The bill requires electric companies and competitive suppliers, in calendar year 2007, to offer an electricity conservation incentive program to their customers. The program must compare electricity use between June 1, 2007 and August 31, 2007 to use in the same period in 2006 and give customers who conserve electricity in 2007 a credit on their electric bills.

Within 15 days after the bill's passage, each electric company must file a program outline with DPUC. The outline must describe how the company plans to implement the program and its projected costs.

Using the outlines, DPUC must conduct an uncontested proceeding to design the program's parameters. DPUC must include the following parameters to encourage conservation, discourage inaccurate measurements, and assure that credits are only given to customers who reduce their use of power: (1) the energy use in 2007 must be compared to 2006 use, adjusted for weather changes; (2) the program must be limited to customers who used power in 2006; and (3) credits must be prorated for customers who participate in other programs to reduce demand, including those sponsored by the entity that administers the regional wholesale electric market.

Electric companies must issue credits to customers who participate in the program. The credit is 10% of the June through August 2007 generation charges for customers who use at least 10% less electricity than they used in summer 2006. Customers who reduce their summer consumption by at least 15% get a 15% credit and those who reduce their consumption by at least 20% get a 20% credit. The credit is to appear on the customer's electric bill sent out on or after November 1, 2007.

The electric companies can recover their costs for the program, including the credits, from the systems benefits charge on electric bills. By February 1, 2008, DPUC must report to the Energy and Technology Committee regarding the program's success and any recommendations on how to improve it.

## **COMMITTEE ACTION**

Energy and Technology Committee

Joint Favorable Substitute

Yea    20    Nay   1    (03/13/2007)